

**MINUTES OF THE
STATE TRANSPORTATION BOARD MEETING
9:00 a.m., Friday, December 21, 2007
Town of Oro Valley Council Chambers
11000 North La Canada Drive
Oro Valley, AZ 85737**

The State Transportation Board met in official session for a Board meeting at 9:00 a.m., Friday, December 21, 2007, with Chairman Lane presiding. Other Board members present included: Bill Feldmeier, Bob Montoya, Delbert Householder, Bobbie Lundstrom, Si Schorr and Felipe Zubia. Also present were Director Victor Mendez, Richard Travis, Sam Elters, John McGee, Dale Buskirk and Barclay Dick. There were approximately 250 people in the audience.

OPENING REMARKS AND PLEDGE

Chairman Joe Lane led the audience in the Pledge of Allegiance and thanked the Town of Oro Valley for their wonderful hospitality. Mayor Paul Loomis welcomed the Board and ADOT to Oro Valley.

DISTRICT ENGINEER'S REPORT

Greg Gentsch, District Engineer provided an update on projects and issues of regional significance. Projects described on a map include a 4.5 mile segment from SR 77 to Tangerine Road, a pedestrian bridge, the largest construction job in the State of Arizona in downtown Tucson, a project on 18th Street, a project on Clark Street and a bridge construction. The status of private/public partnerships was provided. Highlights include a rebuild of the Tangerine TI at \$47 million, Red Rock (?) TI, Val Vista TI. Other successes included the completion of paving of 347 and planning with the State of Sonora for improvements to the Port of Entry.

I-10 Phoenix/Tucson Bypass Study

There were 31 comment cards submitted. Representatives were asked to speak due to time limitations. Dale Buskirk reported that the Board requested the Department conduct a preliminary planning estimate for the future need for a bypass in the Metropolitan Phoenix and Tucson areas. The study area was around the existing Interstate 10 west of the Metropolitan Phoenix area and east of the Metropolitan Tucson area. It is a major trade corridor with regional, state and national implications. The mission of the study is to make a preliminary assessment of the need for and feasibility of a new transportation corridor that would provide an alternative to I-10. The purpose is to provide an additional high capacity corridor to accommodate travel across southern and central Arizona. The needs include relieve traffic congestion, provide a shorter and faster route, provide an alternative route and serve expected population growth. It is expected that Arizona's population by 2050 will double. Social and environmental elements were considered. One of the first tasks of the study was to identify the protected lands within the study area. A number of corridors were identified, presented at a series of public meetings and reduced based on technical analysis and comments from the public.

David French, project manger and consultant to the study, reviewed the analysis as part of the preliminary planning assessment. To provide comparison, it was divided into two sections, I-8 and I-10. SR 85 and I-8 is currently designated as the I-10 bypass. The Maricopa Association of Governments conducted a study, the Hassayampa Framework Study, and identified long-term that this new corridor is needed. The bypass would provide some relief to the Metropolitan Phoenix area. It would be a shorter, faster route. There will be and already is an alternative route, therefore there may be some duplication. It would serve expected growth. It would avoid protected land. There could be some impact on land entitled to

development. From the group of corridor segments, routes were identified and described that would have continuous routes to compare with the existing I-10. Routes one, two and three would provide some limited relief of congestion in Tucson. All three would be shorter and faster than I-10 and would provide an alternative route for long trips. They would serve the western Pinal County area. It traverses sensitive lands. All of the routes avoid the Indian and protected lands. Terrain is favorable to road construction with one exception. There is strong opposition based on letters and emails received. Route four would provide more relief to I-10 in Tucson. It would provide a parallel route to I-10 from Tucson to the Casa Grande area. It would serve a rapidly growing area. It traverses sensitive lands. Indian lands are avoided. There would be some impact to entitled lands. The terrain is favorable for highway construction. There is some opposition to this route.

Dale Buskirk reported that a series of public meetings were held. It was agreed to come back to the public after technical analysis for additional public meetings. There were seven public meetings held that were well attended. Opposition to the I-10 bypass was received, in particular the segments that traversed environmentally sensitive areas. Total attendance at the second round of public meetings was 635 individuals. As of December 19, additional comments have been received. The latest count is nearly 1,000 emails. A number of letters and position papers have been received.

David French reported that from the stakeholder interviews conducted it was found that most of the cities in the general study area did support the idea of an I-10 bypass. Safford and Wilcox supported the idea as long as the bypass would serve them. Cochise County Board passed a resolution against a new corridor in the San Pedro Valley. Pima County Board of Supervisors passed a resolution in opposition. Maricopa County is supportive. A number of themes from comments received include the impact on the environment and on wildlife, the corridor would promote urban development in areas that would compete for the groundwater supply, the proximity of the highway to the protected land, rural communities concern of urban development disturbing their rural lifestyle and impact agricultural lands, the high cost of a 250 mile new route and a question about the Arizona growth rate. There was support for the route across Central Pinal County extending into Grant County. There was support for the corridor coming from Buckeye to the Maricopa area. There were objections to the San Pedro route. Alternatives suggested were to put emphasis on rail for both freight and passenger service and focus widening and improving I-10. Comment forms were tallied and it was found that 100 comment forms were in favor of proceeding with some level of study and there were 141 that opposed proceeding with some level of study.

Next steps include finalizing the report by mid-January, sharing it with Board members and posting it on the ADOT web site.

Mr. Schorr commented that truck traffic is estimated to increase at twice the rate of car traffic over the next twenty years and that the impact of trucks is different than cars including an increase in deterioration of pavement and corrective action needed.

The United States Department of Transportation created a grant application program called Corridors of the Future. The I-10 Coalition submitted an application and was one of several selected.

Due to time constraints, an air quality analysis was not completed; it will be studied in the future.

Future planning studies would have a cost comparison component including economic benefits.

Bob McClure, resident and member of the Cascabel Working Group, articulated his education and experience in engineering, academia and consulting. He stated, I feel the study was not only preliminary but was inaccurate, inadequate and superficial. He prepared a detailed review and noted the flaw that it would do almost nothing to the traffic congestion. The cost is estimated at \$6 billion to \$8 billion. The cost of energy to construct the highway would be enormous requiring the equivalent of 720 million gallons of gasoline taking more than 66 years to break even on energy consumption. There is no funding from the state or federal government. There is no need for an alternate route to I-10. The projected population growth in Arizona also is suspect. No consideration was given to strictly local options for traffic relief.

Matt Clark, Southwest Representative, Defenders of Wildlife, Tucson stated that Defenders of Wildlife is a not-for-profit organization with more than 522,000 members including more than 15,500 in Arizona. Defenders is dedicated to the protection of all native wildlife and plants in their natural community. They work to avoid and address conflict between wildlife and the transportation system. A request was made to do the right thing. The bypass would be a wrong turn for Arizona. The organization is in opposition to ADOT's I-10 bypass proposal because it is inconsistent with Arizona's long range transportation plan, Arizona's Growing Smarter Initiative, the Landmark Sonoran Desert Conservation Plan and the ADOT sponsored Arizona Wildlife ____ Assessment. Upon analyzing the location of the proposed route in relation to the detailed conservation planning efforts, the proposed bypass is in direct conflict. I encourage you to abandon the bypass concept due to its inability to address the source of the problem, the profound negative impact on fragile ecosystems, it would encourage growth where the community does not want growth and because of the tenacious, political and legal opposition ADOT will face if it furthers the study. All proposed bypass routes will require disturbing and permanently fragmenting undeveloped areas that provide vital habitat and movement corridors to many of Arizona's wildlife species. Construction of a freeway would open up adjacent areas of development, encouraging more unwanted cars and truck travel. ADOT's role in shaping the future of southern Arizona is critical. ADOT should be investigating alternatives to avoid the detrimental environmental impacts. A rail line would be a much better choice than a costly bypass. Based on the review of the study and comments, it is concluded that the report is not objective. While it is only preliminary, it is also cursory and falls short in accurately informing Arizona.

Tom Collazo, Associate State Director, Nature Conservancy, appreciated the opportunity to provide comments in writing and to host a field tour.

Bill Doelle, President, Center for Desert Archeology, is a non profit organization in Tucson with 15 employees and more than 1,000 members. The past 18 years, work has been done in the Pedro Valley. The Center has undertaken important field surveys and excavations to document the valley's pre-history. Work is done with four Tribes to help them trace their Tribal histories. All have unique histories and sacred places that would be threatened by a creation of a bypass through this valley. A bypass in the San Pedro would significantly affect investments made in preservation of cultural resources. The Center owns 95 acres. Work is underway to protect another 130 acres. The Center partnered with the Nature Conservancy to protect archeological sites. The Pima County Board of Supervisors called for a multimodal approach to improvements along the existing corridors as an appropriate alternative to this bypass proposal. Historical values of the San Pedro Valley are immense. There are not adequate measures to offset the impacts the bypass would have on the Valley including the indirect impacts. No further study should be needed to support that conclusion.

Randy Serraglio, Center for Biological Diversity, stated he appreciates the opportunity to comment. At a meeting with 70 people, one person spoke in favor of the proposal. In Tucson, with standing room only

with 200 people, only one person spoke in favor of the proposal. I wonder where the numbers came from on the slide presentation. The majority spoke against it. People do not like the concept. Another conflict was regarding the Pima County Board of Supervisors. The resolution was distributed. The second page near the bottom was read. They said they are opposed to the concept. What this Resolution and the people of southern Arizona are saying is that this idea is not going to benefit us. The cost is going to be beyond any benefit. Growth does not constitute planning. It is surrender. We don't surrender in Pima County. People have worked hard on the Sonoran Desert Conservation Plan and other forward visionary ideas to make our community better and to deal with growth in a visionary way. We want your help to do that.

Reuben Teran, Arizona Game and Fish Department, stated that two letters were sent including one to the Governor regarding the decision on the bypass study. The letter was read.

Jim Martin, Wilcox, feels this is a Tucson problem and stated that a recommendation from the Board of Supervisors against this project is in the Board's correspondence. A concern in this process is the Technical Advisory Committee did not include SEAGO. SEAGO was left out of the Technical Advisory Committee. If you look at the maps, the growth starts in Prescott, Phoenix, Tucson and to Sierra Vista. If you take our part of the world and start dissecting, that is what is going to be left. We cannot do this to our children. They deserve to have a place to go. We talk about the context sensitivity. You can't do away with the 95 decibels of the traffic. An additional disturbance to me with the presentation is the subject of cost did not come up. If you take the \$6 to \$8 billion and annualize that with what is currently in the budget, it is a total of 16 years worth of expenditures of what you currently have. I don't think the cost is justifiable.

A representative for the Pima County Board of Supervisors, stated that the position statement of the Pima County Board of Supervisors is in the ADOT Board member packets and welcomed the Board to Tucson. ADOT is a great partner for the County. Greg Gentsch has done a great job on the I-10 widening project. We also are partnering with ADOT on the Ajo ____ project as well as the I-19 project.

John Hewitt, lives adjacent to the Avra Valley, stated he is sorry to learn that any of these routes are still on the map especially the Avra Valley route. It has been stated three times the Bureau of Reclamations opposition to various routes, in particular the San Pedro and Avra Valley and twice it was stated they cannot build this route through Avra Valley. There simply is not space to build there. It really ought to be off the map. And because they are not off the map, it suggests to me that we are still dealing with faith based planning and that ADOT has yet to join the reality based world. I think the bypass idea was an idea whose time came about 30 years ago. In the 70s we were only some 20 some years into the interstate highway world. Highways don't solve transportation problems we learned in those 30 years. Highways create transportation problems. I've lived in the east coast. That is not what we want southern Arizona to become. If you persist in this bypass idea that is what it will become. I've seen that future in the east coast and it doesn't work. We need to slow down, back off, do a study that begins not with a solution, namely a bypass, it is certain of problems. We need to begin with a sober analysis of what the problems are and then an out-of-the-box set of solutions.

Chairman Lane stated that it is time to conclude the bypass study comments. There are 53 other people who want to speak and time will not permit. Each was directed to send written comments to the Board. Audience members were disruptive while Chairman Lane worked to continue with the agenda.

CONSTRUCTION CONTRACTS

Interstate Federal Aid ("N") required FHWA concurrence and compliance with DBE regulations

BIDS OPENED:	November 30
HIGHWAY:	EHRENBERG – PHOENIX HIGHWAY (I-10)
SECTION:	Sarival Avenue to SR 101L
COUNTY:	Maricopa
ROUTE NO.:	I-10
PROJECT:	IM-010-B(201)N 010 MA 126 H709601C
FUNDING:	92% Federal 5% State 3% City of Avondale
LOW BIDDER:	Pulice Construction Company
AMOUNT:	\$ 80,600,323.30
STATE AMOUNT:	\$ 85,111,372.00
\$ UNDER:	\$ 4,511,048.70
% UNDER:	5.3%
NO. BIDDERS:	4
RECOMMENDATION:	AWARD

CONSENT AGENDA

Mr. Schorr recused himself from Items 32, 33, 34, 35 and 36.

Director's Report

Victor Mendez provided an up-to-date report regarding current issues and events affecting ADOT. He thanked the community for hosting ADOT. There have been discussions on moving forward with developing a Statewide Transportation Plan. Work has been done with others to develop a plan. There has been dialogue with COGs and NPOs to provide movement on the individual framework studies. It is going to be a fast paced process. A subcommittee was created that will provide oversight. Mr. Zubia was appointed as the chair. Governor Napolitano requested a list of critical needs by March 31. It will be a preliminary list with a refined list by May 31, 2008.

Legislative Report

Kevin Biesty provided an update on State and Federal Legislative issues. An agreement has been reached on the Federal funding bills. The transportation budget may go to the President this week. The FAA Reauthorization is working to be resolved and is being monitored. There has been no action on the SAFETEA-LU Technical Corrections bill. At the State Legislature, session will begin on January 14. Budget hearings will be held a week prior in hope to address budget issues. ADOT will introduce three pieces of legislation; two are clean-up legislation. Win Holden from Arizona Highways Magazine is proposing the possibility of having an Arizona Highways license plate in an effort to raise money for the magazine. A list of bill summaries was shared. HCR2001: Highway User Revenue Fund Uses will amend the constitution to expand the permitted use of highway user revenues to include any transportation project. S1020: VLT Exemption; Seniors; Income Based is persons 65 or older who are eligible for property tax protection based on their income are also eligible for an exemption from vehicle license tax for one vehicle. S1039: Transportation; HOV Lanes, Hours extends the HOV lanes by one hour in the morning to become 5 a.m. to 9 a.m. S1041: Transportation; HOV Lanes; Hybrids is to expand use of hybrid vehicles in HOV lanes. S1042: Transportation; Toll Roads; Private Entity, is a bill that would require the Department to put out an RVP by December 2010 to build a private toll road from Loop 303 and 75th Avenue to Prescott. It also changes the power of the Board with regard to toll roads.

In reply to a question about HURF funds, Mr. Mendez stated alternative fuels will be the future as we address climate change and greenhouse gases. By law, we can only tax fuel for highway purposes. We do not have a mechanism to tax alternative fuels. There is conflict in policy when you look at protecting the environment with alternative fuels and national security concerns with energy independence. At the state level, revenues are dwindling because of the conflicting policy. As we move to the future to address transportation needs on a statewide basis that helps the economy, quality of life, our environment concern is funding. The discussion will continue at the retreat where the Board will look at strategic issues.

Financial Report

John McGee provided summary reports on revenue collections for Highway User Revenues and Maricopa Transportation Excise Tax Revenues, comparing fiscal year results to last year's actuals and forecasts, and reported on interest earnings, HELP Fund status, and other financial information relative to the Board and Department. HURF collections for the month of November totaled \$111.5 million, an increase of 5.0 percent over November 2006 but 2.4 percent below the estimate. Year-to-date collections total \$550.9 million, an increase of 0.1 percent over the same time period last year but 3.6 percent below the forecast. This is the fifth straight month where revenues have fallen below forecast. Major areas of weakness continue to include Motor Carrier, Vehicle License Tax and Registration while Gas Tax and Use Fuel Tax are slightly above estimates. October RARF collections totaled \$32.1 million, an increase of 0.2 percent from October 2006 but 2.9 percent under the estimate. Year-to-date collections total \$127.8 million, an increase of 0.3 percent over the same period last year, but 2.1 percent below the estimate. Collections are sub-par in the areas of Retail Sales. Investment earnings for the month of November, ADOT earned \$4.68 million on investments representing an average yield of 4.70 percent. Year-to-date earnings total \$23.8 million representing an average yield of 4.82 percent. Monthly yields below annual yields indicate a downward trend in interest rates. As of the end of November, the HELP Fund cash balance totaled \$92 million, up \$6 million over the prior month as a result of loan repayments and interest earnings. A copy of the 2007 HELP Annual Report was distributed.

Financing Program

John McGee provided an update on financing issues affecting the Board and the Department including HURF and RARF Bonding, GAN issuances and Board Funding Obligations. The auditors completed a successful audit for ADOT's FY 2007 financial statements. A \$370 million RARF Issue was closed. A \$68 million GAN Issue was successfully priced. Final pricing information was included in the Board packet. The market was caught at a low point in the cycle and the interest rate on the bonds is 3.44 percent.

Help Loan

John McGee presented a Resolution recommending approval of an application for Financial Assistance from, and a Loan Repayment Agreement with, Pinal County for the construction of the following project: Thornton Road Reconstruction. The loan application is for \$2 million. Funds from this four year loan would be used by Pinal County to make improvements to Thornton Road. The application was reviewed and approved by the HELP Advisory Committee and recommended it be brought to the Board for approval.

Board Action: A motion to approve the above recommendation was made by Mr. Schorr, seconded by Mr. Householder and passed unanimously.

Call to the Audience

Greg Stanley, Director of Public Works, Pinal County, thanked ADOT for their support and partnership. Several transportation studies are being done. ADOT assisted in the Small Area Transportation Study, county wide. Regional Transportation Summits were held. We are working on getting regional cooperation. Work is being done on the Regionally Significant Routes Study, trying to identify regionally significant routes in the county and access management. ADOT is doing an Access Management Study as well. We have incorporated a lot of the principles in that study. We will ask at a future meeting for resolution support for our Regionally Significant Route Study. We will place our support to ADOT in their Access Management Study.

Andy Smith, Transportation Planner, Pinal County, presented information on the Regionally Significant Routes for Safety and Mobility. The public agencies involved were highlighted. The plan is a regional plan that shows connections to Maricopa County and Pima County. A map of identified corridors was shown as well as much of the state highway system. Principle arterials were identified. Criteria for the feasibility analysis include engineering, cost, right-of-way needs, socio-economic land use and environmental issues. The plan will be presented to the Pinal County Board of Supervisors on January 23. Presentations are being made to cities and towns. Board members were invited to the Rural Transportation Summit where a presentation will be made.

Jeff Hill, Mayor, Holbrook, Arizona, stated on behalf of the citizens of Holbrook, we appreciate what the Board and staff of ADOT have done for the future of Holbrook. We look forward to being a bypassed I-40 town. This will greatly enhance the businesses and bring back the original Route 66 flavor.

Craig Kaufman, Attorney representing Granite Construction Company, spoke in favor of Agenda Item 34, the award to Granite. Mr. Elters work is appreciated and agreed that awarding the contract to Granite will result in the lowest cost to the public.

Jay Ream, Assistant Director, Arizona State Parks, stated that the Arizona State Parks Board appreciates the infrastructure problems facing the State of Arizona and ADOT's role in solving those problems. We work together on the Governor's Growth Cabinet to identify communities caused by growth. Arizona State Parks has an enormous back log of projects and due to the partnership with ADOT and the funding received, it helps us keep up with the needs. We encourage you to continue this program and provide safe access roads to Arizona state parks.

Richard Kaffenberger, City Manager, Lake Havasu City, discussed the boating industry. State transportation funding will be vital to a project in partnership with State Parks. The motorized watercraft industry along the north Colorado River brings in almost \$7 billion to the state's economy or \$191 million of that to Lake Havasu City. As much as 80 percent of recreational watercraft visitors are from California. The 2006 Watercraft Study indicates more than 2.7 million gallons of gas sold in the state was used in watercraft. (inaudible throughout report) There were comments made regarding Item 23.

Rest Areas

Sam Elters stated that in accordance to Board approval at last month's Board meeting regarding exploring options, in regard to public private partnerships, the Department has hired a consultant to assist. Phase I would be to identify a candidate for site location and legislation that would be needed, Phase II would be to conduct a site and project evaluation and Phase III would consist of implementation. Phase I has two tasks underway, identifying potential road side rest areas and assisting ADOT staff to draft necessary legislation.

Contributions to State Parks and other sub accounts from the HURF

Dale Buskirk presented an analysis. He stated that in a previous meeting additional information was requested on sub accounts from the Highway User Revenue Fund. The sub accounts are generally authorized by Arizona Revised Statute. ARS 28-6993 authorizes uses to pay for the engineering, construction, improvement and maintenance of the State Highway System, to acquire, construct or improve entry roads to State Parks or roads within State Parks and to acquire, construct or improve entry roads to state prisons. With regard to State Parks, ARS 28-6538 authorizes the use of these funds to acquire, construct or improve entry roads to state parks or roads in state parks. This sub account was established in 1985 with \$5 million annually allocated in the five-year construction program through HURF. In 1996, the State Transportation Board reduced the allocation to \$2 million annually. Another sub account is the Recreational Trails Program and is authorized in Federal Statute, SAFETEA-LU: Sec. 1101 (a)(8), 1109. The authorized uses are to construct and maintain recreational trails for motorized and non-motorized recreation trails use. About 94.3 percent of funding for projects comes from the Federal Aid Assistance Program. And 5.7 percent of funding comes from the match provided by the applicant. In FY 2008, Federal aid totaled \$1.286 million and the State match was \$322,000. Another sub account authorized for using HURF is Enhancement and authorized by SAFETEA-LU: Sec. 1113, 1122, 6003. Transportation Enhancement is to strengthen the cultural, aesthetic, and environmental aspects of the intermodal transportation system and it must meet one of eleven qualifying activities listed. This is a reimbursement program. There is a Federal cap of \$1 million for individual State projects and a Federal cap of \$500,000 for individual local projects. The Bridge Program is authorized by FHWA: Title 23, Ch. 1 Part 650 and is a highway bridge replacement and rehabilitation program. Federal allocation is \$10 million per year. Allocation is split 70 percent to the state and 30 percent to local. Other Bridge Programs were described including Bridge Inspection and Repairs, Bridge Scour, Bridge Deck Replacement and Bridge Design. Another sub account program is Port of Entry which is to improve and enhance Motor Carrier Enforcement at Ports of Entry. There are 22 fixed Port of Entry facilities in Arizona. There are six International Ports of Entry with Mexico. The Economic Strength Program authorized by ARS 28-6534 is a program to build roads to places of economic development. It gives economic vitality to rural and disadvantaged communities and \$1 million from HURF is allocated.

In reply to a question about the source of the HELP Program, John McGee stated that approximately \$50 million are Federal Funds and there is authorization of up to \$140 million of General Funds and \$20 million of State Highway Funds.

State Transportation Board Meeting Schedule for 2009

This item was tabled. Victor Mendez noted that once the schedule is locked, it drives the internal processes to help analyze bids and make awards. Calendars need to be synchronized.

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MINUTES – Approval

Study Session Minutes – October 19, 2007

Board Meeting Minutes – October 19, 2007

Study Session Minutes – November 5, 2007

2008 Draft Board Meeting & Public Hearing Dates and Locations.
Study Sessions to be scheduled as needed.

Month	Date	Location	Function
January	18	Casa Grande	Board Meeting
January	24-25	Nogales	Retreat
February	15	Yuma	Board Meeting
March	21	Tucson	Board Meeting & Public Hearing
April	18	MAG/Phoenix	MAG/ADOT Public Hearing & Board Meeting
May	16	Flagstaff	Board Meeting & Public Hearing
June	20	Nogales	Board Meeting
July	18	Prescott area	Board Meeting
August	15	Pinetop	Board Meeting
September	19	Grand Canyon	Board meeting
October	17	Wickenburg	Board Meeting
November	14	Phoenix	Board Meeting
December	19	Tucson	Board Meeting

This item was tabled until the January 18, 2008, meeting.

PRIORITY PLANNING ADVISORY COMMITTEE (PPAC)

SUBJECT: PRIORITY PLANNING ADVISORY COMMITTEE MEETING (PPAC)

FY 2008 – 2012 Transportation Facilities Construction Program - Requested Modifications.

ROUTE NO: US 95 at MP 13.3
COUNTY: Yuma
SCHEDULE: FY 2008 – New Project Request
SECTION: US 95 at Avenue "D"
TYPE OF WORK: Construct traffic signal and intersection improvements
PROGRAM AMOUNT: New Project
PROJECT MANAGER: Richard Weeks
PROJECT: HX17201C
JPA: 05-094 with the City of Somerton
REQUESTED ACTION: Establish a new traffic signal project in FY 2008 Highway Construction Program. **See funding sources below.**

FY 2008 District Minor Fund #73308	\$702,000
FY 2008 Traffic Engineering Fund #71208	\$250,000
NEW PROGRAM AMOUNT:	\$ 952,000

Board Action: A motion to approve the above recommendation was made by Mr. Schorr, seconded by Mr. Feldmeier and passed unanimously.

ROUTE NO: US 95 at MP 12.0
COUNTY: Yuma
SCHEDULE: FY 2008 – New Project Request
SECTION: Bingham Ave
TYPE OF WORK: Construct sidewalk
PROGRAM: New Project
AMOUNT:
PROJECT: Natalie Clark
MANAGER:
PROJECT: H672801C
JPA: JPA 07-073 with the City of Somerton
REQUESTED: Establish a new enhancement
ACTION: project in the FY 2008 Highway
Construction Program. **Funding
sources are listed below.**

FY 2008 Transportation Enhancement Improvement Fund #75308	\$550,000
FY 2008 Transportation Enhancement Contingency Fund #72208	\$160,000
NEW PROGRAM AMOUNT:	\$ 710,000

ROUTE NO: I-10 at MP 249.3
COUNTY: Pima
SCHEDULE: FY 2008 – New Project Request
SECTION: I-10 Ina to Ruthrauff
TYPE OF WORK: Landscaping
PROGRAM AMOUNT: New Project
PROJECT MANAGER: Daniel Granillo
PROJECT: H743501C
REQUESTED: Establish a new landscaping
ACTION: project in the FY 2008 Highway
Construction Program. **Funds are
available from the FY 2008
PAG Fund.**

NEW PROGRAM AMOUNT:	\$4,545,000
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ROUTE NO: US 89 at MP 523.5
COUNTY: Coconino
SCHEDULE: FY 2008
SECTION: Junction 89A - North
TYPE OF WORK: Pavement preservation
PROGRAM AMOUNT: \$3,545,000
PROJECT MANAGER: Rod Collins
PROJECT: H584001C Item# 19706
REQUESTED ACTION: Increase a pavement project by
\$720,000 to \$4,265,000 in the FY

2008 Highway Construction
Program. **Funds are available
from the FY 2008 Pavement
Preservation Fund #72508.**

NEW PROGRAM AMOUNT: \$4,265,000

COUNTY: Maricopa
SCHEDULE: FY 2008
SECTION: Various Regional Freeways
TYPE OF WORK: Construction of Quiet Pavement,
Phase X
PROGRAM AMOUNT: \$ 7,300,000
PROJECT MANAGER: Rod Collins
PROJECT: H708201C Item# 46708
REQUESTED ACTION: Increase the Quiet Pavement
project by \$300,000 to \$7,600,000
in the FY 2008 Highway
Construction Program. **Funds are
available from the FY 2008
MAG Asphalt Rubber Noise
Mitigation Fund #41508.**

NEW PROGRAM AMOUNT: \$7,600,000

ROUTE NO: SR 101L at MP 51.0
COUNTY: Maricopa
SCHEDULE: FY 2008
SECTION: SR 202L (Red Mountain) to
Baseline Road
TYPE OF WORK: Construct HOV lanes
PROGRAM AMOUNT: \$22,000,000
PROJECT MANAGER: Ronald McCally
PROJECT: H693701C Item# 40708
REQUESTED ACTION: Request to delete this construction
project from the FY 2008
Highway Construction Program.
**Funds will be transferred to the
FY 2008 RTP Cash Flow.**

NEW PROGRAM AMOUNT: \$0

ROUTE NO: SR 101L at MP 55.0
COUNTY: Maricopa
SCHEDULE: FY 2008
SECTION: Baseline Road to SR 202L
(Santan)
TYPE OF WORK: Construct HOV lanes
PROGRAM AMOUNT: \$35,500,000
PROJECT MANAGER: Ronald McCally

PROJECT: H720901C Item# 40810
REQUESTED ACTION: Increase the construction project
by \$17,100,000 to \$52,600,000 in
the FY 2008 Highway
Construction Program. **Funds are
available from the FY 2008 RTP
Cash Flow.**

NEW PROGRAM AMOUNT: \$52,600,000

Board Action: A motion to approve Items 14, 15, 16, 17, 18 and 19 was made by Mr. Schorr,
seconded by Mr. Montoya and passed unanimously.

FY 2008-2012 Airport Development Program – Requested Modifications

AIRPORT NAME: Wickenburg Municipal
SPONSOR: Town of Wickenburg
AIRPORT CATEGORY: Public GA
SCHEDULE:
PROJECT #: E8F81
PROGRAM AMOUNT: New Project
PROJECT MANAGER: Matthew V. Smith
PROJECT DESCRIPTION: Install Weather Reporting Equipment
(AWOS III)
REQUESTED ACTION: Recommend STB approval.

FUNDING SOURCES:	FAA	\$207,224
	Sponsor	\$5,453
	State	\$5,454
	<i>Total Program</i>	\$218,131

AIRPORT NAME: Town of Springerville Municipal
SPONSOR: Town of Springerville
AIRPORT CATEGORY: Public GA
SCHEDULE: FY 2008 – 2012
PROJECT #: E8F82
PROGRAM AMOUNT: New Project
PROJECT MANAGER: Matthew V. Smith
PROJECT DESCRIPTION: Acquire snow removal equipment.
REQUESTED ACTION: Recommend STB approval.

FUNDING SOURCES:	FAA	\$125,708
	Sponsor	\$3,308
	State	\$3,308
	<i>Total Program</i>	\$132,324

AIRPORT NAME:	Scottsdale	
SPONSOR:	City of Scottsdale	
AIRPORT CATEGORY:	Reliever	
SCHEDULE:	FY 2008 – 2012	
PROJECT #:	E8F83	
PROGRAM AMOUNT:	New Project	
PROJECT MANAGER:	Matthew V. Smith	
PROJECT DESCRIPTION:	Construct Taxiway (Phase I), Install Apron Lighting	
REQUESTED ACTION:	Recommend STB approval.	
FUNDING SOURCES:	FAA	\$3,794,217
	Sponsor	\$99,851
	State	\$99,851
	<i>Total Program</i>	\$3,993,919

AIRPORT NAME:	Lake Havasu City	
SPONSOR:	Lake Havasu City	
AIRPORT CATEGORY:	Commercial Service	
SCHEDULE:	FY 2008 – 2012	
PROJECT #:	E8S88	
PROGRAM AMOUNT:	New Project	
PROJECT MANAGER:	Matthew V. Smith	
PROJECT DESCRIPTION:	Design and Install AWOS III	
REQUESTED ACTION:	Recommend STB approval.	
FUNDING SOURCES:	FAA	\$0
	Sponsor	\$12,500
	State	\$112,500
	<i>Total Program</i>	\$125,000

Board Action: A motion to approve Items 20, 21, 22 and 23 was made by Mr. Schorr, seconded by Ms. Lundstrom and passed unanimously.

- *
- Minutes of PPAC Meeting on December 5, 2007
 - Summary of Approved Changes to the FY 2008-2012 Highway Construction Program
 - Highway Program Monitoring Report

RIGHT OF WAY RESOLUTIONS

*	RES. NO: PROJECT: HIGHWAY: SECTION: ROUTE NO. ENG. DIST. COUNTY: RECOMMENDATION:	2007-12-A-077 010MA125H687901R EHRENBERG - PHOENIX S.R. 303L – S.R. 101L Interstate Route 10 Phoenix Maricopa Establish additional right of way as a state route for outside and median widening
*	RES. NO: PROJECT: HIGHWAY: SECTION: ROUTE NO. ENG. DIST. COUNTY: PARCEL: RECOMMENDATION:	2007-12-A-078 888MA000H686701R WILLIAMS-GATEWAY FREEWAY S.R. 202L – Meridian Road (S.R. 802) State Route 802 Phoenix Maricopa 07-10740 Establish Advance Acquisition for Parcel No. 07-10740
*	RES. NO: PROJECT: HIGHWAY: SECTION: ROUTE NO. ENG. DIST. COUNTY: RECOMMENDATION:	2007-12-A-079 S-066-A-701 / 066MO061H675201R KINGMAN - SELIGMAN Mohave Airport Drive Intersection Historic State Route 66 Kingman Mohave Establish right of way as a state route and state highway to improve operational traffic movement
*	RES. NO: PROJECT: HIGHWAY: SECTION: ROUTE NO. ENG. DIST. COUNTY: RECOMMENDATION:	2007-12-A-080 095MO245HX17901R PARKER – BULLHEAD CITY Clubhouse Drive Intersection State Route 95 Kingman Mohave Establish right of way as a state route to improve operational traffic movement
*	RES. NO: PROJECT: HIGHWAY: SECTION: ROUTE NO. ENG. DIST. COUNTY: RECOMMENDATION:	2007-12-A-081 S-366 / 089ACN000H088801R PRESCOTT – FLAGSTAFF Fort Tuthill M.S. Haul Road State Route 89A Flagstaff Coconino Disposal by Easement Extinguishment with underlying fee owner resuming usage

* RES. NO: 2007-12-A-082
 PROJECT: S-366 / 089ACN000H555101R
 HIGHWAY: PRESCOTT – FLAGSTAFF
 SECTION: Fort Tuthill M.S. Haul Road
 ROUTE NO.: State Route 89A
 ENG. DIST.: Flagstaff
 COUNTY: Coconino
 RECOMMENDATION: Establish right of way as a state route and state highway for access and gate relocation

STATE ENGINEER'S REPORT

Sam Elters reported on construction and projects completed in November, 2007. There are 96 projects under construction for a total of approximately \$1 billion. Five projects were finalized in November for a total of approximately \$19 million. Fiscal year-to-date 46 projects have been finalized.

CONSTRUCTION CONTRACTS

Interstate Non-Federal Aid

* BIDS OPENED: November 8
 HIGHWAY: PHOENIX-CORDES JUNCTION HIGHWAY (I-17)
 SECTION: SR 101L - Jomax Road
 COUNTY: Maricopa
 ROUTE NO.: I-17
 PROJECT: 017-A-NFA 017 MA 213 H706102C
 FUNDING: 98% State 1% City of Phoenix
 1% Flood Control District Maricopa County
 LOW BIDDER: Meadow Valley Contractors, Inc.
 AMOUNT: \$ 67,864,266.28
 STATE AMOUNT: \$ 72,600,500.00
 \$ UNDER: \$ 4,736,233.72
 %UNDER: 6.5%
 NO. BIDDERS: 4
 RECOMMENDATION: AWARD

Interstate Federal-Aid ("A" "B") projects do not need FHWA concurrence, but must comply with DBE regulations; other projects are subject to FHWA and/or local government concurrence and compliance with DBE regulations)

BIDS OPENED:	November 16
HIGHWAY:	NOGALES – TUCSON HIGHWAY (I-19)
SECTION:	Junction B19 – Palo Parado
COUNTY:	Santa Cruz
ROUTE NO.:	I-19
PROJECT:	IM-019-A(131)A 019 SC 006 H480301C
FUNDING:	94% Federal 6% State
LOW BIDDER:	Granite Construction Company
AMOUNT:	\$ 9,356,895.00
STATE AMOUNT:	\$ 9,635,882.50
\$ UNDER:	\$ 278,987.50
% UNDER:	2.9%
NO. BIDDERS:	4
RECOMMENDATION:	AWARD TO GRANITE CONSTRUCTION COMPANY

COMMENTS: Granite Construction Company was the apparent low bidder with a bid of \$9,356,895.00. The apparent second low bidder was FNF Construction, Inc. with a bid of \$9,356,971.90. The difference between the apparent low bid and the apparent second low bid is \$76.90.

Subsequent to the bid opening, the Department's analysis of the bids showed that item 2030113 – Shoulder Buildup Compaction was mathematically unbalanced. Granite bid \$1.00 per hour for the 191 hours indicated in the bidding schedule for this item. FNF Construction bid \$60.00 per hour, and other bidders bid similar amounts.

The apparent second low bidder, FNF Construction, Inc., has protested, claiming that Granite's bid is unbalanced and it should be rejected.

The State Engineer finds that the Granite bid is mathematically unbalanced. However, it is not materially unbalanced. The State Engineer recommends award to the low bidder, Granite Construction Company.

Board Action: A motion to approve the above recommendation was made by Ms. Lundstrom, seconded by Mr. Feldmeier and passed unanimously.

Non-Interstate Federal-Aid (“A” “B”) projects do not need FHWA concurrence, but must comply with DBE regulations; other projects are subject to FHWA and/or local government concurrence and compliance with DBE regulations)

BIDS OPENED: November 16
HIGHWAY: HOLBROOK BUSINESS ROUTE
SECTION: Buffalo Street to East Holbrook T.I.
COUNTY: Navajo
ROUTE NO.: I-40B
PROJECT: TEA-B40-G(200)A 040B NA 287 H730601C
FUNDING: 94% Federal 6% State
LOW BIDDER: Show Low Construction, Inc.
AMOUNT: \$ 2,265,730.64
STATE AMOUNT: \$ 1,731,554.00
\$ OVER: \$ 534,176.64
% OVER: 30.8%
NO. BIDDERS: 5
RECOMMENDATION: AWARD

Board Action: A motion to approve the above recommendation was made by Mr. Montoya, seconded by Ms. Lundstrom and passed unanimously.

* BIDS OPENED: November 16
HIGHWAY: BOWIE JUNCTION-SAFFORD HIGHWAY (US 191)
SECTION: Ten Ranch to Owl Canyon (Segment III)
COUNTY: Graham
ROUTE NO.: US 191
PROJECT: STP-191-B(006)B 191 GH 094 H503705C
FUNDING: 94% Federal 6% State
LOW BIDDER: Bison Contracting Co., Inc.
AMOUNT: \$ 9,538,732.75
STATE AMOUNT: \$ 10,473,741.20
\$ UNDER: \$ 935,008.45
%UNDER: 8.9%
NO. BIDDERS: 8
RECOMMENDATION: AWARD

BIDS OPENED: November 16
HIGHWAY: CITY OF GOODYEAR
SECTION: Litchfield Road Fiber Optic
COUNTY: Maricopa
ROUTE NO.: N/A
PROJECT: CM-GDY-0(007)A 0000 MA GDY SS50701C
FUNDING: 55% Federal 45 % City of Goodyear
LOW BIDDER: C S Construction, Inc.
AMOUNT: \$ 749,300.00
STATE AMOUNT: \$ 1,222,350.00
\$ UNDER: \$ 473,050.00
%UNDER: 39.7%
NO. BIDDERS: 10
RECOMMENDATION: AWARD

Board Action: A motion to approve the above recommendation was made by Mr. Feldmeier, seconded by Ms. Lundstrom and passed unanimously.

Non-Interstate Non-Federal Aid

* BIDS OPENED: November 16
HIGHWAY: RED MOUNTAIN FREEWAY (SR 202L)
SECTION: Power Road to University Drive
COUNTY: Maricopa
ROUTE NO.: SR 202L
PROJECT: RAM-202-B-514 202 MA 023 H689001C
FUNDING: 100 % State
LOW BIDDER: Valley Crest Landscape Development, Inc.
AMOUNT: \$ 4,819,593.43
STATE AMOUNT: \$ 5,329,865.00
\$ UNDER: \$ 510,271.57
%UNDER: 9.6%
NO. BIDDERS: 5
RECOMMENDATION: Allow Park West Landscape, Inc. to withdraw its bid without forfeiting the bid bond; award the contract to Valley Crest Landscape Development, Inc.

COMMENTS:

At the bid opening, Park West Landscape Inc. was read as the apparent low bidder with a bid of \$3,678,962.80 or 31.0% below the State's estimate. The second low bidder was Valley Crest Landscape Development, Inc. with a bid of \$4,819,593.43 or 9.6% below the State's estimate.

Subsequent to the bid opening, Park West requested to withdraw its bid due to a clerical error and submitted documentation supporting the request.

Staff recommends that the apparent low bidder, Park West Landscape, Inc., be allowed to withdraw its bid and that the contract be awarded to the second low bidder, Valley Crest Landscape Development, Inc. Park West is legally justified in withdrawing its bid due to a clerical error. The error stems from an estimating software spreadsheet which did not reference the correct cell for the sum of all the decomposed granite material costs to be included in the grand total of the bid. The error is of such a grave consequence that to enforce a contract would be unconscionable since the amount of the error is nearly 27% of the Park West bid. In addition, the mistake relates to a material feature of the contract, i.e., the proposed contract price. The error did not come about because of a violation of positive legal duty or from culpable negligence. Finally, the State is placed back to the status quo to the extent that the State suffers no serious prejudice except the loss of the benefit of the bargain. *See, Marana Unified School District v. Aetna Cas. and Sur.* 144 Ariz. 159, 696 P.2d 711 (App. 1985).

Therefore, staff recommends allowing Park West Landscape, Inc. to withdraw its bid without forfeiting its bid bond and recommends that the contract be awarded to Valley Crest Landscape Development, Inc.

Comments and Suggestions

Board Members had the opportunity to suggest items they would like to have placed on future Board Meeting Agendas. Director Mendez stated that traditionally board meetings have been held on the third Friday of the month. Changing meeting dates in March will create potential project delays. Adjustments may be made beyond the month of April.

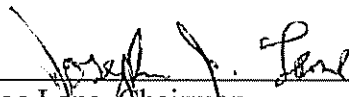
CONSENT AGENDA

Board Action: A motion to approve the Consent Agenda was made by Mr. Householder, seconded by Ms. Lundstrom and passed unanimously.

ADJOURN

Board Action: A motion to adjourn was made, seconded and passed unanimously.

The meeting adjourned at 12:20 p.m.



Joe Lane, Chairman
State Transportation Board



Victor Mendez, Director
Arizona Department of Transportation

*Denotes items approved in the consent agenda.